

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 18, 2000

COUNTY FISCAL LETTER (CFL) No. 00/01-22

TO: COUNTY WELFARE DIRECTORS
COUNTY FISCAL OFFICERS
COUNTY AUDITOR CONTROLLERS
COUNTY PROBATION OFFICERS

SUBJECT: CALIFORNIA COUNTY WELFARE DEPARTMENT (CWD) COST
ALLOCATION PLAN (CAP) 1999/2000 FISCAL YEAR (FY)

This CFL transmits the approved 1999/2000 FY California Cost Allocation Plan (CCAP). The CCAP is available, and all future CCAPs will be available, on the California Department of Social Services (CDSS) Internet web site: <http://www.cdss.cahwnet.gov>.

The following are changes included in the currently approved CCAP:

- Provides a definition of assistance and non-assistance as it pertains to California Work Opportunity and Responsibility to Kids (CalWORKs) and Child Care activities.
- Function name change from Other Public Assistance to Other Public Welfare.
- Availability of TANF Performance Incentives.
- Direct charge of overtime salary costs to the extent possible.
- Common eligibility determination – one-third shift to CalWORKs, Food Stamps, and Medi-Cal programs.

All changes to the CCAP are identified in bold type.

The 2000/01 FY CCAP was submitted to the Division of Cost Allocation (DCA), Region IX, April 28, 2000, and is pending federal approval.

If you have any questions regarding the information provided in this CFL, please contact your Fiscal Policy Bureau county analyst at (916) 657-3440.

***Original Document Signed by
JARVIO A. GREVIOUS on July 18, 2000***

JARVIO A. GREVIOUS
Deputy Director
Administration

Attachment

Effective July-September 1999/00 Quarter

CALIFORNIA COUNTY WELFARE DEPARTMENT (CWD) COST ALLOCATION PLAN (CAP)

Introduction

The California Department of Social Services (CDSS) employs a State supervised, county operated public assistance system. The CDSS CAP for Direct and Indirect Costs sets forth the methods that the State will use to identify and allocate State level costs to appropriate programs identified in Enclosure 2 of the CWD CAP and in Section III of the CDSS CAP, in order to properly claim Federal Financial Participation (FFP) funds. Likewise, this CWD CAP describes the allocation basis and direct charge rationale for those same programs/projects operated by counties and supported by Federal fund sources identified in the CDSS CAP.

Cost Allocation Concept

The purpose of the CAP is to provide the CWD with the means for determining the non-aid payment costs applicable to each program. Such a cost determination is necessary to: (1) satisfy Federal reporting and funding requirements; (2) determine appropriate Federal and State financial reimbursement for each of the welfare programs; (3) provide the CWD and the CDSS with reasonably accurate expenditure data required for the efficient management of the welfare operation; **(4) provide information on the annual time study conducted in 15 counties that determines the yearly Public Assistance Food Stamps (PAFS) ratio, utilized by all counties, to shift expenditures from designated programs to Food Stamp programs. (See Attachment I for procedures and documents utilized)**

The CWD CAP uses time or observations reported by designated staff as the basis for distributing costs to any of the functions, i.e., Social Services, CalWORKs, **Other Public Welfare Programs**, Child Care, Non-Welfare, and Generic, and/or programs within a function. Under the cost allocation concept, the task of the CWD having to identify and direct charge costs to a specific program, where impractical, is minimized.

Effective, **for state fiscal year 97/98**, to the extent that a CWD has the capability to compile and accurately identify costs directly benefiting a specific function or program, that CWD may develop a methodology to identify and charge those costs directly to that function or program.

To create, delete, and/or accommodate changes to support programs and related activities, CDSS' Fiscal Policy Bureau transmits quarterly, or as needed, county fiscal letters (CFLs) directing counties regarding appropriate time study and cost claiming requirements. In conjunction with this Plan, CFLs help to ensure effective program delivery by providing detailed fiscal information necessary to ensure an equitable

sharing of costs among Federal, State, and county entities. These letters also continue to follow prescribed cost plan methods and do not typically necessitate a CWD CAP amendment. Cost plan methodology changes will be submitted as amendments for Federal approval.

The primary basis for distributing costs through the CWD CAP is individual caseworker time studies for the Social Services, CalWORKs, **Other Public Welfare Programs**, Child Care, Non-Welfare, and Generic functions. In each county, specific staff, primarily case-carrying social workers, eligibility determination workers, fraud investigators, employment services workers, selected child support workers, and the first-line supervisors of these staff are required to participate in the time study process each calendar quarter. Effective July 1, 1991, counties may elect one of two time study methodologies.

- (a) A single random moment time study of the above staff, using the codes and definitions specified in Attachment B, and meeting standards specified in Attachment C.
- (b) Time studies of the above staff using codes and definitions in Attachment B and the Generic Time Study form (DFA 10) contained in Attachment D. On this form, the staff record and accumulate time spent on a particular program for four consecutive weeks of every quarter. The time study form is completed in the mid-month of each of the four quarters or on 22 randomly selected days of each quarter. Counties which complete a mid-month time study have the option of using the calendar month or two consecutive biweekly payroll periods as the time study period. The first biweekly payroll period must include the first day of the mid-month. Counties which choose the 22 random day method will use a random numbers chart to select the 22 days; an example of this chart and process is included in Attachment E.

Clerical and administrative support salaries are identified to any function and/or program level through a separate time study/time certification process. During the mid-month of each quarter, clerical and administrative support staff either time study or time certify their activities to the appropriate benefiting level in accordance with a Support Staff Time Reporting Plan (SSTRP) on the Support Staff Time Report (DFA 7) included in Attachment D; the SSTRP is submitted by the 40 largest CWDs to the CDSS for review and completeness. It specifies if CWD clerical and administrative support staff time study (continuous daily reporting during the mid-month) or time certify (end of month reporting for the mid-month) and to which benefiting level: generic (department-wide), function (one or more of the functions), or directly to specific programs.

In counties that use the mid-month time study, CWD staff performing electronic data processing (EDP) and staff development activities are required to maintain continuous time records throughout the entire quarter. A mid-month time study would not identify costs equitably because the activities and benefiting programs change throughout the

quarter. In counties which use the 22 random days, these staff time study only on 22 random days.

At the end of each quarter, time study summaries are compiled for the purpose of allocating certain costs. First, caseworker time, or observations, are summarized into functions and/or programs. CWDs shall use either: 1.) allocable caseworker hours/observations based upon appropriate time study data, or 2.) the total paid caseworker hours. Ratios are then developed for each function to distribute the allocable CWD administrative costs to the functions. The caseworker time, or observations, is also the basis for distributing casework salaries, benefits, and allocated general administrative costs to the programs within each function. This methodology is not used for those CWD costs that are identified directly to the program level ***through an approved alternative methodology***. Please reference the Support Operating Costs and Direct Costs sections for the alternative methodology.

Second, ratios are developed to distribute support staff salaries to the appropriate level for further allocation through the County Expense Claim (CEC). Support staff hours accumulated in this process are not used to allocate other administrative costs to the function and program level. Instead, these hours are used only to direct the support staff salaries and benefits to the appropriate level within the CWD.

Finally, based on the EDP and staff development time study hours, ratios are developed to distribute certain EDP and staff development costs first to the function, generic, project, or program level with subsequent allocation to the benefiting programs by the caseworker time study hours.

Accumulation of Costs into Cost Pools

At the end of each quarter, CWD costs are accumulated into six primary cost pools on the CEC to distribute costs to the benefiting functions and programs. These six pools, as identified on the DFA 325.1 (Attachment F) are:

(1) Casework Costs, (2) Support Staff Costs, (3) Support Operating Costs, (4) EDP Costs, (5) Staff Development Costs, and (6) Direct Costs. A summary of the costs included in each of these pools, along with the allocation methods used for each, is provided below. A description of the costs included in each cost pool is included in Attachment A.

I. Casework Costs

This cost pool captures the salaries and benefits paid to caseworkers and their first-line supervisors. The salaries and benefits reported for each of the functions are allocated to the programs within each function based on the caseworker time study hours, or observations, reported for each program. Total caseworker salaries and benefits, as well as the summary of time study hours or observations, are reported on the DFA 325.1 (Attachment F).

II. Support Staff Costs

This cost pool accumulates, from the Support Staff Summary and Support Staff Salary Distribution to Program forms, the salaries and benefits paid to employees performing support activities in accordance with the SSTRP.

Counties using an automated labor distribution system which identifies support staff salaries to the level identified in the SSTRP are not required to pool and allocate costs using the Support Staff Summary. The salaries and benefits reported to generic and to each of the functions are allocated to the programs within each function in the same manner as the caseworker salaries, i.e., using caseworker time study hours, or observations, reported directly to the appropriate program in the CEC.

Support staff salaries and benefits are reported by function on the DFA 325.1 and distributed to the individual benefiting programs on subsequent pages of the CEC.

III. Support Operating Costs

CWDs shall distribute support operating costs as follows: 1.) allocated based upon caseworker allocable time study hours/observations; or 2.) distributed based upon total paid caseworker hours, or 3.) direct charged to a function **and/or** program. The chosen alternative is dictated by a CWD's ability to accurately identify and compile related costs. Direct charge methodologies will be based on a reasonable causal relationship to the specific cost category, e.g., square footage for space, mileage rate for travel, etc. Consistent treatment of such costs will be subject to review. Quarterly support operating costs which typically have a department-wide benefit to all programs, or that cannot be direct charged to a function **and/or** program, will be distributed to the functions based on a ratio of total caseworker allocable hours/observations, or total paid casework hours.

Support operating costs are reported by function on the DFA 325.1 and distributed to the individual benefiting programs on the subsequent pages of the CEC.

IV. EDP Costs

This cost pool captures the costs associated with the development, implementation and maintenance and operations (M and O) of EDP systems used in the administration of public assistance programs.

Costs reported in this cost pool include the salaries and benefits of CWD staff assigned to the EDP organizational unit, including support staff, as well as the prorated salary and benefits of CWD non-EDP staff who are temporarily or intermittently assigned to work on an EDP development project. Also reported in this cost pool are the costs directly associated with operating an EDP system, e.g., equipment, supplies, software,

and vendor-related services whether incurred directly by the CWD or purchased from a public or private agency. All costs for EDP are identified to one of two categories for reporting purposes: M and O (costs associated with the functioning of the automated system), or developmental (costs associated with the design, development, and installation of the automated system). Costs for each category are allocated using a separate EDP cost allocation methodology. EDP costs are reported on the DFA 325.1 by function and distributed to the individual benefiting programs on subsequent pages of the CEC.

EDP Development Cost Methodology

Federal regulations, 45 Code of Federal Regulations (CFR) Part 95.631(a), require the State to: specifically identify which items of costs constitute development costs; assign these costs to specific project cost centers; and, distribute these costs to funding sources based on the specific identification, assignment, and distribution outlined in the approved Advance Planning Document (APD).

M and O Cost Methodology

Federal regulations, 45 CFR, Part 95.631(b) require the cost incurred for the operations of an EDP system be identified and assigned by the State agency to the funding sources in accordance with the approved cost allocation plan required by Subpart E of the same part.

Accordingly, M and O costs are distributed to the benefiting programs using the individual caseworker time study hours, or observations, of the Social Services, CalWORKs, **Other Public Welfare Programs**, Child Care, Non-Welfare and Generic functions. However, prior to this distribution process, M and O costs are first either allocated or directly identified to the benefiting function, generic, project, or program level. If determined to be generic in nature, costs are further allocated to function based on a ratio of the quarterly total active cases on the system by function. After assignment to the function, generic, project, or program, the M and O costs are allocated to the benefiting programs using ratios developed from caseworker hours or observations. M and O costs for any system developed and operated to benefit a single program will be charged only to that benefiting program. Those programs which do not benefit from EDP M and O are not charged costs from this cost category.

V. Staff Development Costs

This pool captures the costs associated with the operation of the staff development office and the provision of CWD staff training. Costs reported to this cost pool include: the salaries and benefits of staff assigned to the staff development office; salaries and benefits of support staff; all operating costs of the staff development office including supplies, travel, equipment, and space (when separate from the welfare complex);

purchase of outside training courses which includes salaries and benefits, travel and per diem for consultants, and costs determined by federally-approved indirect cost rates of educational institutions; teaching materials and equipment; trainee costs including salaries and benefits, travel, per diem, and educational costs which meet the criteria established in 45 CFR Part 235.60-66.

Staff development trainers, their first-line supervisors, and non-supervisory staff development administrators are required to time study. Time is separately identified to program or the functional categories: Social Services-General; **Other Public Welfare Programs-General**, CalWORKs-General, Child Care-General, and Non-Welfare-General, and generic staff development.

At the end of the quarter, the trainers' salaries and benefits and the operating costs of the staff development office are allocated to either the program, function, or generic category, based on the trainers' time studies. All staff development purchase of services, out-service training costs, and trainees' direct costs are directly identified to the appropriate program, function, or generic category. After the generic costs are distributed to function based on the casework function ratios, the Social Services-General, **Other Public Welfare Programs-General**, CalWORKs-General, Child Care-General, and Non-Welfare-General costs are distributed to the appropriate programs based on the functional caseworker time study hours, or observations. Total staff development costs are then summarized by program and carried forward to the staff development funding pages of the CEC. These costs are then reported by function on the DFA 325.1 and allocated to the benefiting programs on the funding pages of the CEC.

VI. Direct Costs

This cost pool summarizes, by function, those costs which are directly identifiable to specific programs. **In the CalWORKs and Child Care Functions it further identifies costs as assistance and non-assistance.** The costs are reported in detail on the Direct Cost Input Schedule of the CEC by specific program. Direct costs, which are primarily expenditures made on behalf of **CWD** clients, or costs which can accurately be determined to benefit only one program, are not included in the allocation process. Such costs may include CWD support operating costs that directly benefit a program, or program start-up and one-time only costs that cannot equitably be distributed via the normal allocation process.

Direct costs reported in this pool include the salaries and benefits of CWD caseworker staff who are assigned on a permanent basis to a client-related service delivery center, e.g., a CWD-operated emergency shelter care facility or child care center and the overhead costs of operating the service center. Direct program service costs, such as supportive services for clients and third-party service contracts are reported here as well.

CWDs, to the extent possible, may elect to direct charge overtime salary costs to a program. These overtime salary costs must be charged to the program that was reasonably determined by the CWD to be the cause of the overtime. For example, a caseworker is called away from regular duties to work on another program. The new program consumes normal work hours and overtime is needed to maintain regular duties. The overtime hours would be charged to the new program. Likewise, if the new program requires overtime participation, then these overtime hours would also be charged to that program.

Total direct costs are reported on the DFA 325.1 and are identified to the benefiting programs on the summary pages of the CEC.

Assistance/Non-Assistance

Based on the new Federal TANF reporting requirements the CDSS has developed a new definition of Assistance and Non-Assistance as it pertains to the CalWORKs and Child Care Functions (see Attachment "G" CFL 99/00-29, dated September 21, 1999, which includes a draft copy of the specific assistance versus non-assistance Program Identifier Numbers (PINs) for claiming direct costs).

Nonwelfare Activities

Costs of nonwelfare programs and activities are identified on the CEC ***under the Non-Welfare Function***. If nonwelfare activities performed by CWD staff are equivalent to activities performed by casework staff, these staff time study to the Non-Welfare Function and all associated overhead costs are allocated through the CAP to county-only funding.

In some instances, the nonwelfare activities are performed by administrative or clerical support staff and are not equivalent to casework activities. The support staff are required to maintain a continuous time study to identify all time spent on these activities. If it is impractical for the staff to maintain a continuous time study, other bases of allocation may be used to allocate the salary and benefits of these staff between welfare and nonwelfare programs. These might include the number of staff supervised, number of documents processed, population served, or other equitable bases. At the end of each quarter, the salary and benefits are allocated between welfare and nonwelfare programs.

In order to identify the indirect costs associated with the nonwelfare activities, the CWD has the option to use the predetermined rate developed by CDSS or to develop an indirect cost rate (ICR) specific to the staff involved. The predetermined rate for each county is calculated by CDSS as follows: by county, the total cost for travel, space, other operating, and purchase of services is divided by the total costs of salaries and benefits of administrative, clerical, caseworker, and EDP staff. The percentage which

results is the county-specific indirect cost rate. The development of an ICR must be in accordance with the Guide for State and Local Agencies-Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government (OASC-10). The predetermined ICR is applied to the portion of the **support** staff's salary and benefits associated with the nonwelfare activities; an ICR developed by the CWD is applied to the same cost elements which are included in the base. The salary, benefits, and indirect costs for the nonwelfare activities are reported ***under the Non-welfare Function*** of the CEC.

Extraneous Costs

This section of the CEC is used to report **expenditures of the CWD** which cannot be allocated through the CEC; or are unallowable for State and Federal financial participation. These include:

(a) Financing/Interest Costs:

- (1) Interest on borrowed capital or the use of a governmental unit's own funds.
- (2) Financing costs (including interest) on otherwise allowable costs of equipment incurred and paid prior to September 1995.
- (3) Financing/interest costs are subject to the condition outlined in OMB Circular A-87, Attachment B, Item 26, Subsection b.

(b) The portion of a lease payment for a capitalized asset, such as buildings or equipment, which is in excess of depreciation or use allowance;

(c) Costs unallowable for reimbursement under Federal cost principles, including local government expenses, legislative expenses, fines, penalties, and entertainment expenses;

(d) Interest or reserve account contributions included in billings from county internal service funds;

(e) Costs of supportive services which are not issued to clients in the quarter, i.e., **bus passes**;

(f) ***Costs claimed via a monthly claim/invoice process, i.e. Interim Statewide Automated Welfare System (ISAWS)***

VII. OTHER

PAFS Cost Shift

In lieu of the normal time study process, CDSS uses a special 15 county sample time study completed yearly during the month of March to determine the PAFS shift ratio. This special time study has been approved by the Department of Health and Human Services (DHHS) for determining the incremental costs of the Food Stamp Program at county welfare departments.

The study identifies the amount of time spent on incremental PAFS activities which are currently being captured under CalWORKs Eligibility Activities. Once the special time study is completed a PAFS rate is developed based on time study ratios. This rate is used to distribute all counties PAFS costs within the CalWORKs eligibility program to the Food Stamp Program.

Federal and Nonfederal Persons Count for Quarter

The ratios of Nonfederal **children** to total Foster Care (FC) **or Adoptions Assistance** children served by the CWD during the quarter is developed and applied to all eligible Adoption Assistance and Aid to Families with Dependent Children (AFDC) – FC costs in order to equitably distribute Title IV-E Federal funds on behalf of federally-eligible children.

California Food Assistance Program (CFAP)

In lieu of the normal time study process, CDSS uses an alternative allocation methodology, approved by the Food and Consumer Service, United States Department of Agriculture, for distributing food stamp administrative costs to CFAP. This methodology is similar to the federal/nonfederal persons ratio used for the FC Program.

The ratio of CFAP participants to total food stamp participants served by the CWD during the claim quarter is developed and applied to total food stamp administrative costs (both Public and Nonassistance Food Stamp) to determine the nonfederal share. For federal reporting purposes, the nonfederal share is subtracted from total food stamp administrative costs.

Emergency Assistance (EA)-Crisis Resolution (CR) Case Management (CM) Unit Cost

Utilizing caseload data for determining eligible unit costs associated with EA-CR CM activities based on a unit cost methodology, this method creates individual Child Welfare Services (CWS)-CM unit costs for the following CWS components: Family Maintenance (FM), Family Reunification (FR), and Permanent Placement (PP). The resulting unit costs are derived from:

- Time study hours reported to CWS-CM;
- Associated CWS-CM program costs; and

- The number of cases in each component receiving CM services.

The individual CWS-CM unit costs for the CWS component is applied to active EA cases receiving the exact same CM activities/services. The result of the calculation is the EA case management costs eligible for State reimbursement.

TANF Fiscal Incentives

Welfare and Institutions Code 10544.1 established performance incentives to counties to move CalWORKs recipients to employment. Counties may use TANF federal incentive funds for expanded services and benefits that directly lead (or can be expected to lead to) the accomplishment of one of the four purposes of the TANF program. All expenditures must be reported under existing and new program codes (see Attachment "G"). Both state and federal fiscal incentive expenditures will continue to be reported on the CEC addendum page.

Certification

The certification is required by the State Controller's Office. Payments of Federal and State funds held in trust for specific programs or purposes cannot be disbursed without certification by officials responsible for the obligations and disbursements of such funds. In the event this responsibility is delegated to another official, the name and title of the representative signing the certification must be shown. Certification is provided on the Expenditure Certification for the CWD CEC.

Attachments

The following attachments are an integral part of this CAP:

Attachment A:

Description of Cost Pools on the DFA 325.1

Attachment B:

Time Study Codes Effective with the October-December 1999 Quarter

Attachment C:

Standards for Random Moment Time Study

Attachment D:

Time Study Forms

Attachment E:

County Time Study on Randomly Selected Days

Attachment F:

DFA 325.1, County Expense Claim – Expenditure Schedule

Attachment G:

CFL 99/00-29

Attachment H:

12/99 CalWORKs PCD

Attachment I:

PAFS Shift Procedures and Documents

Section XIV Attachment A

CWD CAP 1999/00

DESCRIPTION OF COST POOLS ON THE DFA 325.1, EXPENDITURE SCHEDULE

Descriptions of cost pools on the DFA 325.1 include examples of activities/expenses as follows: (This is not an all inclusive list.)

I. Casework Costs

These are costs for the salaries and benefits paid to caseworkers and their first-line supervisors. Time study hours, or observations, for caseworkers are summarized by function for subsequent use in the allocation process.

Social Workers – Includes casework staff performing social services functions at the CWD complex, including Social Services Workers, Services Aides, Adoption Workers, and Appeals Workers.

Employment Services Workers – Includes casework staff providing employment training services, case management and needs assessment for the CalWORKs, Refugee Employment, Food Stamp Employment and Training and other county employment programs as well as referrals for service; also includes appeals workers preparing for and presenting information at hearings.

Eligibility Determination Workers – Includes casework staff (e.g., eligibility workers, quality control/assurance workers, etc.) performing eligibility determination/income maintenance activities, diversion activities, case file and data collection activities, authorization of Emergency Assistance services, food stamp certification, and Food Stamp Quality Control, eligibility functions (budget computations) and Child Support fiscal and case budget activities.

Fraud Investigators – Includes casework staff performing welfare fraud investigation and prosecution activities, preparing investigative and statistical reports, i.e., activities directly related to clarifying an allegation of fraud. Welfare Fraud investigative staff must have “peace officer” status.

II. Support Staff Costs

These are costs for salaries and benefits paid to employees performing clerical and administrative activities. They are further refined to separate Direct-to-Function and Direct-to-Program Management Supervisors from clerical. This permits counties to isolate staff who are truly administrative for budget justification and administrative CAP implications. These cost pools would generally be described as follows:

General Costs – Salaries and benefits of full-time or part-time generic staff (e.g., Director, Deputy Directors, administrative professionals, supervisors, managers, clerical or other similar staff) who perform activities that have department-wide benefit.

General/Direct-to-Program Costs – Salaries and benefits of generic staff (e.g., administrative professionals, supervisors, managers, or other similar staff) who are assigned on a less than full-time basis to perform activities on behalf of a specific program.

Direct-to-Function Costs-Program Administration – Salaries and benefits of full-time or part-time administrative professionals, supervisors, managers, or other similar staff who oversee or are otherwise responsible to support a particular function(s) but are unable to identify time to specified programs. Staff would time study to the appropriate function.

Direct-to-Program Costs-Program Administration – Salaries and benefits of full-time or part-time CWD administrative professionals, supervisors, managers, or other similar staff who oversee or are otherwise responsible to support line staff for a specified program(s). Examples may include: first and second line supervisors of program units/section, program managers, and program specialists.

Direct-to-Function Costs-Clerical – Salaries and benefits of full-time or part-time clerical staff who perform clerical activities for caseworker staff responsible for a specific function(s). Staff would time study to the appropriate program.

Direct-to-Program Costs-Clerical – Salaries and benefits of full-time or part-time clerical staff who perform clerical activities in direct support of caseworker staff assigned to specific programs. Staff would time study to the appropriate program.

III. Support Operating Costs

CWDs may elect to direct charge support operating costs to a function or program, or allocate costs using allocable caseworker time study hours/observations or total paid caseworker hours for a quarter. The options made available will be based on an individual CWD's ability to compile and identify different costs to a function or program. Those costs that are direct charged to a function or program must be done so based on an appropriate methodology. The support operating costs which typically have a department-wide benefit to all programs, and cannot be direct charged to function or program, will be totaled and distributed to the five functions based on a ratio of the total caseworker allocable hours/observations or total paid caseworker hours for the quarter. CWDs will identify the option, and rationale, chosen to distribute these costs (if applicable), via a written CWD Plan which will be subject to State review.

Travel

These are costs of employee mileage allowances; parking fees; transportation fares; per diem expenses; purchase, rental, or lease of cars; fuel; car maintenance and repairs; garaging; and car insurance.

CWD Space and CCAP Space

These are costs of office space rental, depreciation, use allowance, or special agreement approved space; building repairs which are capitalized; alterations-lump sum if less than \$25,000, or amortized over three years if more than \$25,000; parking lots-leased or county-owned; maintenance if part of the lease agreement; and the unbilled portion of any rent or alteration cost paid from a county central support department and not previously billed to the CWD.

This group does not include the following costs:

1. Space used by staff development personnel for training or administrative purposes, if the space is separate from the CWD complex;
2. Space used for separate service centers, such as emergency shelter care facilities or client child care centers;
3. Space used for Food Stamp issuance or storage, if the space is separate from the CWD complex.

Other Operating Costs

These are costs of advertising for employment, contract bids, and program activities such as locating parents in adoption cases; birth certificates; conference fees; fees for transcripts, depositions, and service of legal papers; insurance; interpreters; purchase, lease, rental, maintenance and repair of general office equipment; EDP equipment used solely for administrative purposes, e.g., word processors; fingerprinting fees; medical exams for employees; operating costs of employee child care centers, clinics, and gyms; overtime meals; printing; memberships, publications, and subscriptions; professional services, including management studies, audits, surveys, and legal services; purchase of forms, supplies, *and* postage; refuse pick-up; security alarms and guards, if not for Food Stamp issuance; temporary help from employment agencies; social services program costs including "hot lines", infant car seats, and pagers; and witness fees, including mileage. Equipment that exceeds \$25,000 is claimed through an annual use allowance of six and two-thirds percent or depreciated over the useful life of the item. Useful life is determined based on Internal Revenue Service (IRS) property classifications. **CWDs are instructed to use the most current IRS regulations that apply.**

This subgroup does not include operating costs of service centers which are itemized on the Direct Cost Input Schedule

Purchase of Services – Public/Private Agencies – CCAP

These are costs for administrative services provided to the CWD by other county central support departments which are either allocated or directly billed to the CWD. Examples of these services include: central collections, County Counsel, Auditor-Controller, communications, and insurance.

The costs are divided into three sub-categories to separately identify direct-billed, County Counsel, and allocated costs. All direct-billed and allocated costs are reported to generic. In non-adoption counties where the CDSS operates the Adoption Programs, costs for County Counsel services performed for the Adoptions Program are to be reported direct to function and program; costs for all other County Counsel services are identified to function or generic, based upon the plan submitted by each non-adoption county. Costs may be claimed in this category only when the central service department is authorized in the CCAP to do so.

Purchase of Services – Public/Private Agencies – Direct Billed – Non-CCAP

These are costs for administrative services purchased from other county operating departments via an interagency or cooperative agreement, as specified in 45 CFR 95.507(6), and purchase of services costs from private agencies. Costs may be claimed as generic or direct to function/program.

IV. EDP Costs

These are EDP personal service and operating costs of the CWD and EDP services purchased from a private or public agency. If purchased from a public agency, such costs must be included in the CCAP, whether allocated or direct-billed.

Prior to claiming EDP costs, the following requirements must be met:

1. All EDP equipment acquisitions and developmental projects must have prior federal and state approval as required in federal and state EDP regulations.
2. The EDP M and O costs are subject to CDSS review and approval in accordance with State EDP reporting standards.
3. The EDP services provided to the CWD by a central support data processing facility must be supported by a service agreement which specifies the services to be provided and the rates to be charged. Central support data processing operations must be included as part of the CCAP.

4. Central support EDP costing methodologies are subject to the approval of the State Controller's Office.

CWD Allocable Personal Services

These are the allocable salaries and benefits for M and O and development activities of:

1. The CWD data processing staff assigned to perform EDP activities. Activities include system design, programming, and computer operation.
2. First-line supervisors of the above, and other administrative support staff performing activities which benefit the EDP function.
3. Clerical staff assigned in support of the above.
4. The prorated salary of CWD non-EDP staff performing EDP developmental activities on a temporary or intermittent basis.

CWD Direct Personal Services

These are direct-to-program salaries and benefits for M and O and development activities of:

1. The CWD staff assigned to coordinate site preparation and implementation, LAN administration, and training and conversion for the CWS/CMS EDP Developmental Project. Activities include system design, programming, and computer operation.
2. First-line supervisors of the above, and other administrative support staff performing activities which benefit the EDP function.
3. Clerical staff assigned in support of the above.
4. The prorated salary of CWD non-EDP staff performing EDP developmental activities on a temporary or intermittent basis.

CWD Operating Costs/Purchase of Services Non-CCAP

These are costs for the following CWD operating costs and services purchased from public/private vendors. Costs may be claimed to generic or direct to function/program.

1. EDP equipment directly attributable to an EDP system. Allowable equipment costs include depreciation for equipment which is either

purchased, lease-purchased, or acquired under a lease-with-option-to-purchase agreement (exclusive of unallowable financing costs); or payments for leased equipment.

2. Software for programs which are leased or purchased and are used in the EDP equipment above.
3. Supplies used in the processing of information through the EDP system, including the costs of maintenance agreements on the above equipment.
4. Services for M and O, design, development, or installation purchased from a private vendor.

Public Agencies/Purchase of Services – CCAP

These are costs for M and O, design, development or installation acquired from a central support data processing facility which are either allocated or directly billed to the CWD through the CCAP. All costs are reported to generic.

V. Staff Development Costs

This cost pool includes salaries and benefits paid to employees performing staff development activities and costs associated with the operation of the staff development office.

CWD Personal Services/Operating Costs

These are costs for:

1. Salaries and benefits of staff development trainers; first-line staff development supervisors and non-supervisory staff development administrators; and clerical staff assigned to the staff development office.
2. Supplies and equipment for the staff development office.
3. Travel and per diem of staff development trainers.
4. Space, if separate from the welfare administrative complex, and rental space for training classes.

Purchase of Services/Direct Costs of Trainees

These are costs for:

1. Salaries and benefits or stipends of trainees who meet the criteria established in the CDSS Manual of Policy and Procedures, Division 14.

2. Tuition, books, travel, per diem, supplies and education materials of trainees attending specified types of in-service and out-service training.
3. Contracted public or private sector trainers and consultants.
4. Payments made to educational institutions for the development and provision of training, including: salaries, benefits, and travel of instructors and clerical support staff; teaching materials and equipment; and indirect costs if the education institution has as federally-approved indirect cost rate.

VI. Direct Costs

Costs included here are identified to specific programs within the applicable function and/or program: Social Services, CalWORKs, **Other Public Welfare Programs**, Child Care, and Nonwelfare, and itemized on the Direct Cost Input Schedule. Applicable costs may include: expenditures made on behalf of **CWD** clients; costs associated directly with the administration of grant maintenance activities, under specific circumstances; costs, such as CWD support operating costs and overtime salaries and benefits, which can be accurately determined to benefit a specific program; and start-up or one-time only costs, etc. CWDs also have the ability to charge overhead costs based on a particular methodology (e.g., square footage, full time equivalents, or per unit cost, etc.) provided that their intent to do so, and the chosen methodology is submitted to CDSS on the Direct Charge Methodology Certification. Direct costs are summarized and totaled by function.

Assistance/Non-Assistance

Based on the new Federal TANF reporting requirements the CDSS has developed a new definition of Assistance and Non-Assistance as it pertains to the CalWORKs and Child Care Functions (see attached CFL 99/00-29, dated September 21, 1999, which includes a draft copy of the specific assistance versus non-assistance Program Identifier Numbers (PINs) for claiming direct costs Attachment G).

VII. Program Fund Distribution – DFA 327 Series

Once the functional salary, allocable support, EDP, and staff development costs have been allocated, and direct costs charged to the appropriate program, they are processed through a series of computations to arrive at the proper federal, state and county share of cost for each program. Forms DFA 327.1 through DFA 327.5 are used for this purpose.

In addition, the Public Assistance Food Stamp (PAFS) shift adjusts the CalWORKs funding for public assistance cases to reflect the Food Stamp costs associated with

these cases. The costs associated with PAFS activities which have been reported to TANF/CalWORKs must be identified and claimed to the Nonassistance Food Stamp Program. Based on a special one-month time study conducted annually, a rate is established which identifies the incremental costs of the PAFS Program. The annual rate must be reviewed and approved by the DHHS and the United States Department of Agriculture (USDA). The federal share of the PAFS costs is reimbursed by the USDA.

Common eligibility determination costs for the CalWORKs, Food Stamp and Medi-Cal (Medicaid) Programs are distributed as follows. County staff report activities that are common to any recipient who applies for these multiple programs to a single time study code under which basic eligibility requirements have been aligned. **The costs are then shared equally (1/3 each) between each of the benefitting programs CalWORKs, Food Stamps and Medi-Cal.**